

# Financial Review for the Year Ended January 31, 2015

Company name: **RYOYO ELECTRO CORPORATION**  
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 URL: <http://www.ryoyo.co.jp>  
 Stock exchange listing: Tokyo Stock Exchange 1st Section  
 Code number: 8068  
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Due date of annual shareholders meeting : April 28, 2015  
 Due date of starting delivery of dividends : April 30, 2015  
 Due date of submitting of financial statement: April 28, 2015  
 Supplementary materials for the quarterly financial results: Yes  
 Investor conference for the quarterly financial results  
 (for security analysts and institutional investors) : Yes

Note: Figures are rounded down to the nearest million yen.

## 1. Financial highlights for the year ended January 31, 2015 (2/1/2014-1/31/2015)

### (1) Consolidated operating results

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 1/31/15	110,107	12.5	2,053	24.3	2,498	20.3
Year ended 1/31/14	97,887	12.3	1,651	128.7	2,077	128.3

Note: Comprehensive income

Year ended 1/31/15: 3,017 million yen (-5.8%)

Year ended 1/31/14: 3,204 million yen (267.2%)

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 1/31/15	1,683	25.4	66.74	66.39	2.6	3.1	1.9
Year ended 1/31/14	1,342	216.8	52.17	51.96	2.2	2.7	1.7

(Reference) Investment profit/loss on equity method:

Year ended 1/31/15: - million yen

Year ended 1/31/14: - million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 1/31/15	82,937	65,583	79.0	2,595.83
As of 1/31/14	79,893	63,112	78.9	2,498.70

## (Reference) Equity

Year ended 1/31/15: 65,511 million yen

Year ended 1/31/14: 63,032 million yen

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 1/31/15	(4,826)	5,293	(757)	10,868
Year ended 1/31/14	(3,084)	1,715	(1,425)	11,023

## 2. Dividends

	Cash dividends per share			Total dividends Paid (Full Year)	Payout ratio	Dividends on equity
	Six months ended	Year ended	Total			
(Base date)	Yen	Yen	Yen	Millions of yen	%	%
Year ended 1/31/14	15.00	15.00	30.00	765	57.5	1.2
Year ending 1/31/15	15.00	15.00	30.00	756	44.9	1.2
Year ending 1/31/16 (Estimate)	15.00	15.00	30.00	—	39.8	—

## 3. Financial forecast for the year ending January 31, 2016 (2/1/2015–1/31/2016)

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 7/31/15	58,500	8.4	1,100	28.0	1,300	20.0	850	13.7	33.68
Year ending 1/31/16	122,000	10.8	2,500	21.7	2,900	16.1	1,900	12.8	75.29

4. Others

(1) Important changes in subsidiaries

(Change on specific subsidiaries with changes in scope of consolidation): None

Newly added: — Excluded: —

(2) Changes in principles, procedures and method of presentation for consolidated financial statements

① Changes in accounting policies: Yes

② Other changes: None

③ Change in accounting estimate: None

④ Restatement of revisions: None

(3) Number of shares outstanding (common stock)

① Number of shares of common stock issued as of:

(Including treasury stock)

January 31, 2015: 28,200,000 shares

January 31, 2014: 28,800,000 shares

② Number of shares of treasury stock:

January 31, 2015: 2,962,905 shares

January 31, 2014: 3,573,940 shares

③ Average number of shares outstanding as of:

January 31, 2015: 25,228,440 shares

January 31, 2014: 25,736,118 shares

(Reference) Non-consolidated financial review

1. Financial highlights for the year ended January 31, 2015 (2/1/2014-1/31/2015)

(1) Operating results

Note: Percentages indicated changes from the same period of previous year.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 1/31/15	99,240	14.2	1,861	42.7	2,276	36.2
Year ended 1/31/14	86,897	13.4	1,304	70.9	1,670	75.4

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended 1/31/15	1,487	49.8	58.98	58.66
Year ended 1/31/14	993	110.5	38.60	38.44

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 1/31/15	77,083	60,906	78.9	2,410.49
As of 1/31/14	75,124	59,580	79.2	2,358.72

(Reference) Equity

Year ended 1/31/15: 60,833 million yen

Year ended 1/31/14: 59,501 million yen

Indication regarding the implementation status of auditing procedure

The audit procedure of financial statements based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial result.

Caution on estimates for the year ending January 31, 2016

The above forecast was made based on the information available as of the date of this release. Actual results could significantly differ from the above forecast due to a variety of factors.

※ This financial review is only the translation of Japanese version.

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2014	As of January 31, 2015
	Amount	Amount
<b>( Assets )</b>		
<b>Current Assets</b>		
Cash and deposits	11,215	11,616
Notes and accounts receivable-trade	30,185	34,446
Short-term investment securities	8,500	2,000
Merchandise and finished goods	13,313	14,482
Deferred tax assets	218	214
Other	934	2,438
Allowance for doubtful accounts	(17)	(20)
<b>Total current assets</b>	<b>64,350</b>	<b>65,177</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Tools, furniture and fixtures, net	95	81
Land	5	5
Other, net	139	109
<b>Total property, plant and equipment</b>	<b>240</b>	<b>196</b>
Intangible assets	536	645
Investments and other assets		
Investment securities	12,558	14,979
Net defined benefit asset	—	798
Other	2,209	1,141
Allowance for doubtful accounts	(1)	(1)
<b>Total investments and other assets</b>	<b>14,766</b>	<b>16,917</b>
<b>Total noncurrent assets</b>	<b>15,543</b>	<b>17,759</b>
<b>Total assets</b>	<b>79,893</b>	<b>82,937</b>

# Consolidated Balance Sheets

(Millions of yen)

	As of January 31, 2014	As of January 31, 2015
	Amount	Amount
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	13,022	12,753
Income taxes payable	620	573
Accrued consumption taxes	36	3
Provision for bonuses	128	119
Other	727	1,356
Total current liabilities	14,534	14,806
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	917	—
Net defined benefit liability	—	895
Deferred tax liabilities	477	948
Other	851	703
Total noncurrent liabilities	2,246	2,547
Total liabilities	16,781	17,353
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	13,672	13,672
Capital surplus	13,336	13,336
Retained earnings	38,555	38,813
Treasury stock	(3,945)	(3,270)
Total shareholders' equity	61,618	62,551
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,248	1,843
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	166	904
Remeasurements of defined benefit plans	—	211
Total accumulated other comprehensive income	1,413	2,959
<b>Subscription rights to shares</b>	79	72
Total net assets	63,112	65,583
Total liabilities and net assets	79,893	82,937

## Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Statement of Income)

(Millions of yen)

	Year ended January 31, 2014	Year ended January 31, 2015
	Amount	Amount
Net sales	97,887	110,107
Cost of sales	89,607	101,306
<b>Gross profit</b>	<b>8,279</b>	<b>8,801</b>
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	(3)	3
Salaries and bonuses	2,791	2,842
Provision for bonuses	128	119
Retirement benefit expenses	137	137
Rent expenses	356	349
Depreciation	180	153
Other	3,036	3,142
Total selling, general and administrative expenses	<b>6,627</b>	<b>6,747</b>
<b>Operating income</b>	<b>1,651</b>	<b>2,053</b>
Non-operating income		
Interest income	191	145
Dividends income	59	137
Purchase discounts	11	12
Gain on investments in partnership	137	205
Other	32	22
Total non-operating income	<b>432</b>	<b>523</b>
Non-operating expenses		
Sales discounts	3	3
Loss on valuation investment securities	—	49
Foreign exchange losses	—	15
Commission fee	0	7
Loss on abandonment of noncurrent assets	0	1
Other	1	0
Total non-operating expenses	<b>6</b>	<b>78</b>
<b>Ordinary income</b>	<b>2,077</b>	<b>2,498</b>
Extraordinary income		
Gain on sales of investment securities	20	212
Gain on bad debts recovered	—	1
Surrender value of insurance	—	78
Total extraordinary income	<b>20</b>	<b>292</b>
Extraordinary losses		
Loss on sales of investment securities	—	11
Special extra retirement payments	—	70
Settlement package	—	20
Total extraordinary losses	<b>—</b>	<b>101</b>
<b>Income before income taxes and minority interests</b>	<b>2,097</b>	<b>2,689</b>
Income taxes—current	830	980
Income taxes—deferred	(75)	25
Total income taxes	<b>755</b>	<b>1,005</b>
<b>Income before minority interests</b>	<b>1,342</b>	<b>1,683</b>
<b>Net income</b>	<b>1,342</b>	<b>1,683</b>

## Consolidated Statements of Income and Consolidated Comprehensive Statements of Income

(Consolidated Comprehensive Statement of Income)

(Millions of yen)

	Year ended January 31, 2014	Year ended January 31, 2015
	Amount	Amount
<b>Income before minority interests</b>	1,342	1,683
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	733	595
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	1,128	738
Total other comprehensive income	1,861	1,333
<b>Comprehensive income</b>	3,204	3,017
(Details)		
Comprehensive income attributable to owners of the parent	3,204	3,017
Comprehensive income attributable to minority interests	—	—



# Consolidated Statements of Changes in Net Assets

Previous period ( From February 1, 2013 to January 31, 2014 )

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,672	13,336	37,987	(3,295)	61,700
Changes of items during the period					
Dividends from surplus			(774)		(774)
Net income			1,342		1,342
Purchase of treasury stock				(649)	(649)
Disposal of treasury stock			(0)	0	0
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	567	(649)	(82)
Balance at the end of current period	13,672	13,336	38,555	(3,945)	61,618

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedge	Foreign currency translation adjustment		
Balance at the beginning of current period	514	0	(962)	50	61,303
Changes of items during the period					
Dividends from surplus					(774)
Net income					1,342
Purchase of treasury stock					(649)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	733	(0)	1,128	28	1,890
Total changes of items during the period	733	(0)	1,128	28	1,808
Balance at the end of current period	1,248	(0)	166	79	63,112

# Consolidated Statements of Changes in Net Assets

Current period ( From February 1, 2014 to January 31, 2015 )

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,672	13,336	38,555	(3,945)	61,618
Changes of items during the period					
Dividends from surplus			(756)		(756)
Net income			1,683		1,683
Purchase of treasury stock				(1)	(1)
Retirement of treasury stock			(662)	662	—
Exercise subscription right to shares			(6)	13	6
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	258	674	932
Balance at the end of current period	13,672	13,336	38,813	(3,270)	62,551

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedge	Foreign currency translation adjustment	Remesurements of defined benefit plans		
Balance at the beginning of current period	1,248	(0)	166	—	79	63,112
Changes of items during the period						
Dividends from surplus						(756)
Net income						1,683
Purchase of treasury stock						(1)
Retirement of treasury stock						—
Exercise subscription right to shares						6
Net changes of items other than shareholders' equity	595	0	738	211	(6)	1,538
Total changes of items during the period	595	0	738	211	(6)	2,471
Balance at the end of current period	1,843	(0)	904	211	72	65,583

# Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended January 31, 2014	Year ended January 31, 2015
	Amount	Amount
<b>I. Cash flows from operating activities</b>		
Income before income taxes	2,097	2,689
Depreciation and amortization	192	217
Loss (gain) on sales and retirement of noncurrent assets	0	(0)
Loss (gain) on investments in partnership	(137)	(205)
Foreign exchange losses (gains)	(29)	146
Increase (decrease) in provision	41	(923)
Increase (decrease) in net defined benefit liability	—	927
Interest and dividends income	(251)	(283)
Loss (gain) on sales of investment securities	(20)	(201)
Loss (gain) on valuation of investment securities	—	49
Surrender value of insurance	—	(78)
Decrease (Increase) in notes and accounts receivable-trade	(6,013)	(3,645)
Decrease (increase) in inventories	(1,592)	(908)
Increase (decrease) in notes and accounts payable-trade	3,370	(998)
Increase (decrease) in accrued consumption taxes	13	(33)
Other, net	(603)	(837)
Subtotal	(2,931)	(4,084)
Interest and dividends income received	243	310
Income taxes refund (paid)	(397)	(1,052)
Net cash provided by (used in) operating activities	(3,084)	(4,826)
<b>II. Cash flows from investing activities</b>		
Payments into time deposits	(2,692)	(757)
Proceeds from withdrawal of time deposits	4,500	315
Purchase of short-term investment securities	(3,500)	(1,000)
Proceeds from redemption of securities	10,500	9,500
Purchase of property, plant and equipment and intangible assets	(96)	(287)
Proceeds from sales of property, plant equipment and intangible	0	4
Purchase of investment securities	(7,189)	(5,766)
Proceeds from sales of investment securities	185	2,066
Purchase of stocks of subsidiaries and affiliates	(10)	—
Proceeds from distribution of investment in partnerships	111	514
Proceeds from cancellation of insurance funds	—	578
Other, net	(92)	125
Net cash provided by (used in) investing activities	1,715	5,293
<b>III. Cash flows from financing activities</b>		
Cash dividends paid	(772)	(754)
Purchase of treasury stock	(649)	(1)
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	(1,425)	(757)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	591	135
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(2,202)	(154)
<b>VI. Cash and cash equivalents at beginning of period</b>	13,226	11,023
<b>VII. Cash and cash equivalents at end of period</b>	11,023	10,868

## Consolidated Sales by Product

(Millions of yen)

	Year ended January 31, 2014		Year ended January 31, 2015		Increase (Decrease)
	Amount	Composition (%)	Amount	Composition (%)	
Semiconductors/Devices	58,951	60.2	68,144	61.9	9,193
ICT/Solutions	38,936	39.8	41,962	38.1	3,026
Total	97,887	100.0	110,107	100.0	12,220